



THE PEAK INTERVIEW

A FIRM GRIP ON CHANGE

Dato' Dr Ir Haji Mohd Abdul Karim Abdullah, the Group Managing Director and CEO of Serba Dinamik Holdings Bhd, talks to The Peak about navigating the volatile oil & gas industry and the steps he is taking to ensure the company's future.

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Whenever ‘oil & gas’ is mentioned in casual conversation, one would be forgiven if the thought immediately focuses on energy – as the various products from this field provides fuel for vehicles, powerplants and the like. Yes, Malaysia is considered a major oil & gas producer within the South-East Asia region. But in real global definitions, Malaysia’s production levels for oil & gas does not exceed one million barrels per day. As such, Malaysia doesn’t quite qualify for membership in the elite oil-producers’ club of the Organisation of the Petroleum Exporting Countries (OPEC).

Incidentally, OPEC currently has an exclusive membership of just 14 members globally: five in the Middle East, seven in Africa and two in South America. OPEC’s combined rate of oil & gas production represents about 44 per cent of the world’s total, and 81.5 per cent of the world’s proven oil & gas reserves. And to better put things into perspective, Saudi Arabia – one of the planet’s biggest oil & gas producer – has a daily output of more than 10 million barrels!

Oil, however, is a volatile commodity and its market value will always fluctuate over a certain range. And no one appreciates this more than Dato’ Dr Ir Haji Mohd Abdul Karim Abdullah, the Group Managing Director and CEO of Serba Dinamik Holdings Bhd, an international energy services group that provides engineering services and associated solutions for the oil & gas industry that was founded here in Malaysia back in 1993.

It was a relatively quiet weekend in the Klang Valley and still another week before the Eid holidays kick off. During this busy time (especially among Muslims who need to juggle fasting with the launching of preparations to celebrate Eid), we find ourselves in the top

floor of the Serba Dinamik headquarters in Shah Alam, Selangor, for an interview with the good Dato’. He’s dressed for another typical day at the office, in a pale blue shirt and matching dark grey trousers, and seemed to be in the best of moods. And while offering a handshake, he jumps straight to business.

“Just look at the facts laid out before us...” he says. “In the past few years, prices have fluctuated from as high as USD100 a barrel, to below USD30 during the recent ‘low’ period in February 2016. But, then, just in May this year, prices have been climbing up again to an average of about USD70 a barrel. So, perhaps for a country’s economy to solely hinge on earnings from oil & gas production alone may prove to be somewhat problematic? The ‘asset owners’, or the countries who are engaging in oil & gas exploration, will continue to reap plenty of economic rewards if prices linger in the USD60 to USD70 per barrel level.”

But volatile changes do not seem to faze Dato’ Karim. The engineer-turned-astute planner and businessman prides himself with having a gift for effectively forging ahead, no matter what. This was especially evident when he stewarded the successful listing of Serba Dinamik Holdings Bhd on the Main Market of Bursa Malaysia in early February 2017 – just as details of the 1Malaysia Development Bhd (1MDB) scandal surfaced into view.

Dato’ Karim offers some insight into the recent past: “Of course, it’s important to note that Serba Dinamik, first and foremost, is a non-politically linked entity. We always report to the government of the day, wherever it is that we are operating anywhere in the world. And having said that, I feel that the existing government in Malaysia continues to be very supportive, firm and ultimately serious in trying to eradicate any elements of corruption and mismanagement thoughts various fields and industries in Malaysia.”

According to him, these efforts by the present government will definitely go a long way in driving Malaysia’s economy in the right direction. “And why do I say this? Well, just from the theory aspect of it alone, a lot of external investors looking to park funds in a particular country will definitely keep a close

eye on how that country is being governed and managed.”

“As it is, Sarawak’s oil & gas scene is set to see new opportunities in employment and capability-building following the signing of a MYR313 million contract between Serba Dinamik and Petronas Carigali Sdn Bhd just earlier in March this year. Under the contract, Serba Dinamik will provide maintenance, construction and modification services to Petronas facilities in the state.”

Dato’ Karim went on to say that the contract award for the Miri and Bintulu facilities reflected Serba Dinamik’s good track record in terms of the quality of work and timely delivery, without compromising any aspects of safety. “So yes, we are appreciative of the support from Petronas and the confidence they have in us, which is evident by the contract awarded to the company,” he said.

Meanwhile, elsewhere around the globe, Serba Dinamik is charting aggressive expansion into new markets to grow its earnings even further.

“For example,” says Dato’ Karim, “we are now in Africa and revenue will start coming in very soon from there, while we are also pushing quite aggressively in Central Asia. These geographical diversifications would ultimately lessen risk in some markets for us, such as in the Middle East, where geopolitical risk is always a potential concern.”

As such, Serba Dinamik is looking to improve its revenue by 15 to 20 per cent for the financial year of 2019, in light of the current bullish outlook for the oil & gas sector. Dato’ Karim also revealed that he is hoping the company’s revenue would hit the MYR4 billion mark this year, compared to combined revenue of MYR3.28 billion recorded last year. Furthermore, back in FY16, 36 per cent of Serba Dinamik’s audited turnover came from Malaysia, with Qatar having the second-largest market share of 18.5 per cent. Saudi Arabia, Bahrain and the United Arab Emirates collectively accounted for another 30.2 per cent of revenue that year, according



to Bloomberg data.

“But at the end of it all, sustainability is a key component when one designs a business plan. Malaysia is just one market that we are focusing on. We have huge operations in many other parts of the world. If you look at Serba Dinamik’s fiscal achievements over the past five years, about 35 per cent of this contribution is sourced domestically, while the rest are from our diversified international operations.”

“Flexibility is key in our business – if our operations in a particular region is duly affected by external factors, then we are always ready to relook and put in more effort to diversify operations and earnings in other regions quite effectively,” he sums up.

To this regard, Dato’ Karim was proud to announce that Serba Dinamik recently won new oil & gas engineering and maintenance services contracts in three countries – Uzbekistan, United Arab Emirates and Qatar – worth a combined USD110 million. Then, separately, the group also announced the award of six more oil & gas contracts at home in Malaysia.

“Our order book target for the year is MYR10 billion. And because of this flurry of new business opportunities, I am happy to report that orders are currently already at MYR8.3 billion! We believe MYR10 billion will be a good figure and will put the company on a good, strong foundation.”

The company is also allocating about MYR30 million to support new information technology projects this year. These projects are located in several parts of the world and will be executed in collaboration with eNoah iSolution India Pvt Ltd. This follows the company’s wholly-owned subsidiary, Serba Dinamik IT Solutions Sdn Bhd, entering into an agreement to acquire a 30 per cent stake in eNoah for USD3.6 million recently.

“The collaboration would enable the company to access state-of-the-art technology in the global market and the opportunity to venture into the Indian market as well as to further strengthen the company’s market share in the region,” revealed Dato’ Karim

Serba Dinamik has also signed a

memorandum of understanding with Microsoft to integrate digital capability into its business. The digitalisation will be carried out for plant turnarounds and routine maintenance management. The company plans to enable remote maintenance capabilities via virtual and augmented reality while real-time work is being done.

“Certainly, while we remain focused on oil & gas engineering services, we also foresee potential growth for our IT division. We see room for some focus and improvement in this segment, especially since IT is the catalyst for changing lifestyles in the future.”

Looking ahead, Dato’ Karim sees the scope of the group’s business coverage no longer just being in engineering support for the oil & gas sectors. Now, Serba Dinamik is also moving into the renewable energy sector as well. In August last year, the company announced that it was setting aside MYR700 million for several power generation projects.

Dato’ Karim said this would swell its capital expenditure to about MYR2 billion. The latest investment was in line with its bid to be a serious player in renewable energy. “But in order for us to achieve this, we are focusing on hydro markets such as Malaysia, Laos and Indonesia. We are taking this initiative on a large scale, where we invest and build hydro plants as well as establish cooperation in hydrogen technology and so on.”

Suppose when you bet big on the right things in life, you’re bound to win big.

Beyond multi-billion ringgit contracts inked, new and effective business relationships forged, the mastering of various new technologies, and an increase in output and earnings, Dato’ Karim can now also count on recognition from his peers as yet another feather in his cap. After being named one of the top nominees in the prestigious EY Entrepreneur Of The Year 2017 Malaysia award, Dato’ Karim then entered the 2019 Forbes Malaysia Rich List at number 49, with a net worth of USD275 million.

Yet, upon mention of these recent accolades, he smiles and says: “You know, there are always pros and cons to everything in life. While it’s nice to receive recognition for anything that you’ve put your heart and

soul into, such acknowledgement only serves as a reminder of sorts. So, the fundamentals for any entrepreneur, I feel, must be set right from the start.

“If you get into the game just because of the fame and fortune that it promises, the journey will be hard to sustain. Every success story must be backed by strong fundamentals. In my case, perhaps I am most focussed on three key fundamentals throughout my career thus far: First of all, I have to care the most about my customers as they are the ones contributing directly to the success of my business.

“The second component that’s also key is, of course, caring about your stakeholders – these are the investors, lenders or banks that provide their investment and trust for your business to become a reality. We have to make sure that whatever promises made to every stakeholder always holds true.

Then, pointing at a wall in his office where snapshots featuring various Serba Dinamik employees busy at work in different locations around the globe, he adds: “And finally, there’s the issue of one’s own employees. You have to realise that people are the most important asset for any company. Without dedicated and smart employees, your company will go nowhere. These three fundamentals always come into play before we make any decisions for the company.”

Dato’ Karim feels that supporting these fundamentals will be the effective use of technology, especially the ones related to Industry 4.0. “These are the fast-moving technologies that deal with automation and data exchange in manufacturing. They include the utilisation of cyber-physical systems, the Internet of Things, cloud computing and cognitive computing. These elements will help make your own business entity become more relevant against your competitors’ and make all manner of modern economic activity more value-added, competitive and ultimately, more productive.”

